

## Primary Source Reading 10-1



## The Benefits and Obligations of Wealth

### ■ About the Selection

Andrew Carnegie came to the United States in 1848 at the age of 12. He was a millionaire by the time he reached 40, largely because of his success with railroads and the telegraph. He became one of the wealthiest men in the world by founding the Carnegie Steel Company. In 1901 he sold the company to the United States Steel Company for nearly a quarter of a billion dollars. Carnegie then retired and devoted his life to philanthropy. In his famous article titled "Wealth," he discusses the benefits

### Reader's Dictionary



**commodities:** goods or products

**decedent:** deceased person

**retainers:** servants

**salutary:** healthful

**squalor:** filthiness caused by poverty

of competition and the obligation of the very rich to improve society.

### GUIDED READING

As you read, list the obligations of the wealthy person, according to Carnegie. Then answer the questions that follow.

The problem of our age is the proper administration of wealth, so that the ties of brotherhood may still bind together the rich and the poor in harmonious relationship. The conditions of human life have not only been changed, but revolutionized, within the past few hundred years. In former days there was little difference between the dwelling, dress, food, and environment of the chief and those of his retainers. . . . The contrast between the palace of the millionaire and the cottage of the laborer with us to-day measures the change which has come with civilization.

The change, however, is not to be deplored, but welcomed as highly beneficial. It is well, nay, essential for the progress of the race, that the houses of some should be home for all that is highest and best in literature and the arts, and for all the refinements of civilization, rather than that none should be so. Much better this great irregularity than universal squalor. . . . The "good old times" were not good old times. Neither master nor servant was as well situated as today. A relapse to old conditions would be disastrous to both—not the least so to him who serves—and would sweep away civilization with it. . . .

The poor enjoy what the rich could not before afford. What were the luxuries have become the necessities of life. . . . The prices we pay for this salutary change is, no doubt, great. . . . Rigid castes are formed, as usual, mutual ignorance breeds mutual distrust. . . .

It is easy to see how the change has come. One illustration will serve for almost every phase of the cause. In the manufacture of products we have the whole story. . . . Formerly . . . master and his slave . . . worked . . . subject to

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## Primary Source Reading 10-1 (continued) ★ ★ ★ ★ ★

the same conditions. There was, substantially, social equality, and even political equality, for those engaged in industrial pursuits had then little or no political voice in the State.

But the inevitable result of such a mode of manufacture was crude articles at high prices. To-day the world obtains commodities of excellent quality at prices which even the generation preceding this would have deemed incredible. . . . The poor enjoy what the rich could not before afford.

The price which society pays for the law of competition, like the price it pays for cheap comforts and luxuries, is also great; but the advantages of this law are also greater still, for it is to this law that we owe our wonderful material development, which brings improved conditions in its train. . . .

We start, then with a condition of affairs under which the best interests of the race are promoted, but which inevitably gives wealth to the few. The question then arises. . . . What is the proper mode of administering wealth after the laws upon which civilization is founded have thrown it into the hands of the few? . . .

There are but three modes in which surplus wealth can be disposed of. It can be left to the families of the decedent; or it can be bequeathed for public purposes, or, finally, it can be administered during their lives by its possessors.

There remains, then, only one mode of using great fortunes [the third]; but in this we have the true antidote for the temporary unequal distribution of wealth, the reconciliation of the rich and the poor—a reign of harmony. . . . It is founded upon the present most intense individualism.

This, then, is held to be the duty of the man of Wealth: First, to set an example of modest, unostentatious living, shunning display or extravagance; to provide moderately for the legitimate wants of those dependent upon him; and after doing so to consider all surplus revenues which come to him simply as trust funds, which he is called upon to administer, and strictly bound as a matter of duty to administer in the manner which, in his judgment, is best calculated to produce the most beneficial results for the community. . . .

Source: "Wealth," *North American Review*, June 1889.

## READER RESPONSE

**Directions:** Answer the following questions on a separate sheet of paper.

1. What change has been beneficial for society?
2. What was the outcome of the pre-industrial way of manufacturing?
3. What does Carnegie say is the correct way for a person to manage his or her wealth?
4. **Critical Thinking** According to Carnegie, what social changes will result from the correct use of wealth?
5. **Critical Thinking** What advantages are brought about by the law of competition?